

EXTRACTING ELEMENTS OF ECONOMIC GOVERNANCE: SYSTEMIC REFORMS IN THE MINING SECTOR



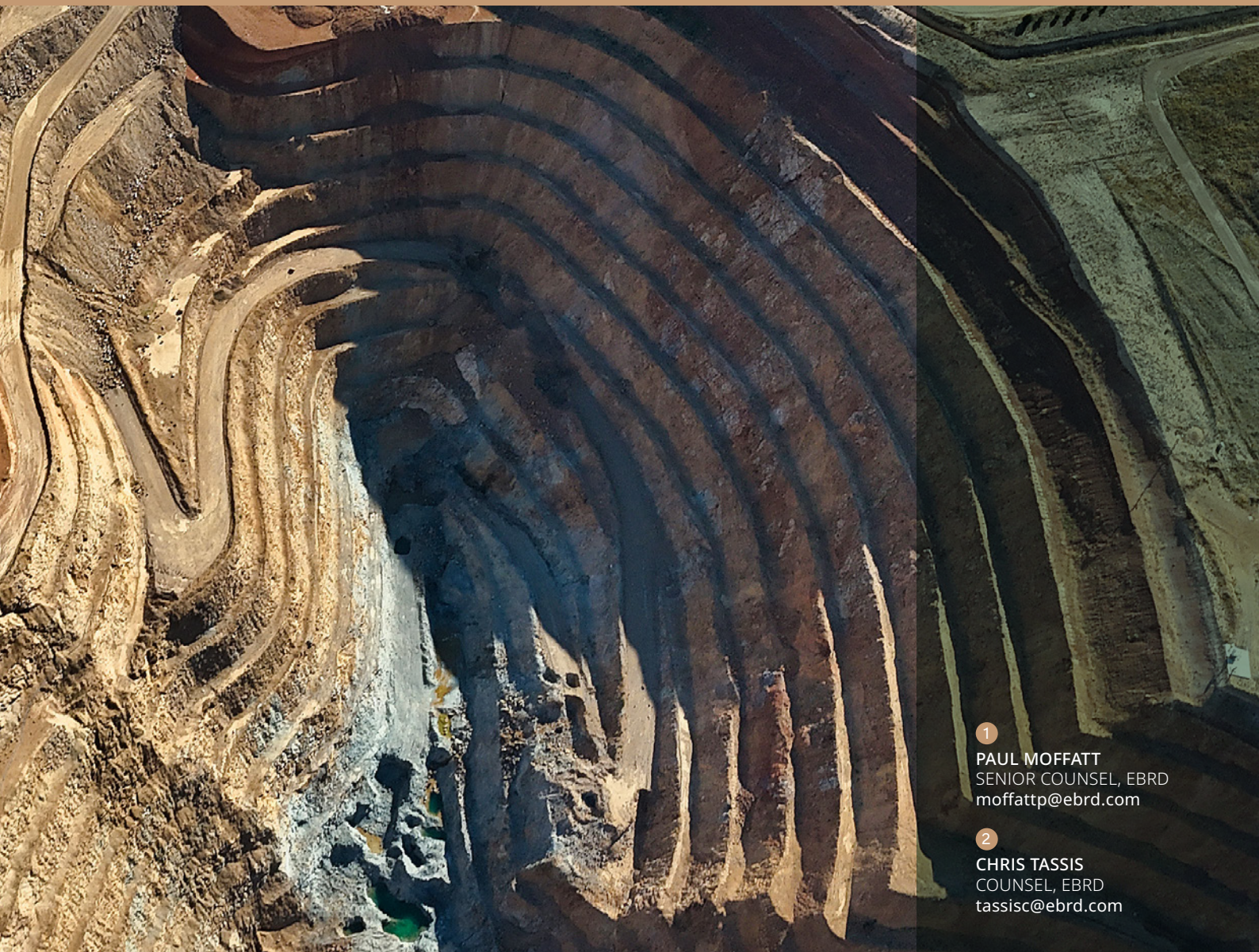
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This article looks at how EBRD investment, technical cooperation and policy engagement can contribute to more transparent, predictable and market-oriented mining frameworks under the Bank's Economic Governance Strategy 2026-30, with a focus on the Bank's support for economic governance in that sector through legal, regulatory and institutional reform. Drawing on examples from Mongolia, Tunisia, Ukraine and Uzbekistan, the article highlights the role that law plays in strengthening investor confidence, improving regulatory governance and enhancing public institutions' capacity to design and implement sector reforms.¹



MINING SECTOR GOVERNANCE: AN ENDURING CHALLENGE AND OPPORTUNITY

Mining plays a strategic role in many of the economies where the EBRD operates. The sector attracts foreign direct investment, generates export revenues, underpins fiscal capacity, supports local development and, increasingly, supplies the critical raw materials required for the energy, digital and green transitions. Historically, however, mining sectors in some of the EBRD's economies of operation have been associated with weak governance, discretionary state control, fragmented regulation, complicated access to geological data and uneven institutional capacity. To address some of these issues, the Bank's engagement in the mining sector has evolved well beyond the financing of projects. Today, it reflects a systemic reform agenda, consistent with the Bank's recently adopted Economic Governance Strategy 2026-30,² which places effective governance, transparency, accountability, market contestability and institutional capacity at the centre of its transition mandate. This article looks at how EBRD investment and policy support in the mining sector contributes to economic governance outcomes, drawing on real examples from Mongolia, Tunisia, Ukraine, Uzbekistan and other economies where the Bank operates to show how targeted reforms can stimulate wider systemic change and market transformation.

¹ The authors would like to thank the following colleagues for their helpful contributions and discussions: Natalia Lacorzana and her Natural Resources team; and Christoph Saenger, Patrik Stålgren and Luca Bonamico in the Policy Strategy and Delivery team.

² See EBRD (2026).

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EBRD INVESTMENT AND POLICY SUPPORT IN THE MINING SECTOR

The EBRD is fully cognisant of the crucial role that the natural resources sector has played in the economic development of many of the EBRD regions and has, since its inception, actively supported the sector through a variety of financial instruments, including loans, equity investments and guarantees. The Bank has invested in some 220 projects in the sector, with cumulative investment totalling €10 billion and 70 per cent of that funding going to the private sector. The mining sector alone accounts for around a third of the natural resources portfolio, with approximately



80 projects as at May 2026.³ The Bank's project financing and policy approach to the mining sector is detailed in its comprehensive Mining Sector Strategy 2024-28.⁴

Beyond increasing available capital through lending and investing, the EBRD also aims to achieve broader impact through the provision of technical assistance at the company/project level and/or the sector level. At the company/project level, the EBRD can help mining companies to improve their environmental, social and inclusion practices, and enhance corporate and climate governance by applying best practice technologies, methodologies and approaches.

In addition, the Bank strives for systemic change via sector-level technical cooperation projects. The EBRD's definition of systemic change refers to the lasting, transformational changes to market structures, behaviours and institutions that are triggered by Bank projects. Driving systemic change often involves altering underlying roles, norms, structures and incentives within a market system, rather than focusing on the outputs of an individual project.

As regards the mining sector, EBRD staff from various departments – including Policy Strategy and Delivery, Climate Strategy and Delivery, Environment and Sustainability, Gender and Economic Inclusion, and the Legal Transition Programme – work alongside the Natural Resources Banking team to deliver



Case study:

Tunisia – Compagnie des Phosphates de Gafsa (CPG)

Improvements to environmental, health and safety practices

The objective of this technical cooperation assignment was to support CPG in identifying gaps between its existing environmental, health and safety (EHS) practices and the EBRD's Environmental and Social Requirements (ESRs). Through EHS due diligence funded by the Bank, the assignment enabled a comprehensive assessment of current operations across key mining sites, benchmarking them against international standards.

Key outputs included:

- identification of material environmental and social risks and compliance gaps
- development of a structured environmental and social action plan aligned with EBRD requirements
- preparation of a stakeholder engagement plan, including community engagement and grievance mechanisms
- prioritisation of actions to support phased alignment with international EHS standards.

³ For more information, see <https://www.ebrd.com/home/what-we-do/ebrd-sectors/natural-resources.html>.

⁴ See EBRD (2024).

ambitious sector-level reforms. In recent years, many of those reforms have focused on the governance of the sector, with particular emphasis on (i) improving and/or developing a transparent, predictable and investment-enabling environment, (ii) adopting forward-looking and investor-friendly legal and regulatory frameworks, and (iii) building the institutional capacity of national regulators and other stakeholders in order to design and implement reforms.

ECONOMIC GOVERNANCE STRATEGY: AN AMPLIFIER OF IMPACT

The recent adoption of the EBRD's Economic Governance Strategy 2026-30 has further reinforced the idea that economic governance lies at the heart of the Bank's transition mandate – which has, in turn, underlined the need for systemic change in its economies of operation. At its core, economic governance

is about better-functioning markets, unlocking the full potential of private sector-led growth while holding the state sector accountable for the delivery of high-quality goods and services. It encompasses the rules, policies and institutions that shape and regulate economic activity at corporate, sectoral and national level.

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Examples of activities currently supported by the EBRD's Legal Transition Programme

- **Investment climate reviews:** assessing market dynamics and sector governance, focusing on the legal and regulatory framework
- **Policy and strategy development:** developing short-, medium- and long-term strategic plans in line with sectoral and national priorities
- **Legislation:** drafting and supporting the adoption of mining laws and codes and supplementing regulations that are aligned with best practices
- **Guidance and methodologies:** helping with licensing processes, designing investment promotion strategies, adopting and implementing standards for reporting mineral resources and reserves, and so on
- **Geodata management:** digitising geological information and digitalising processes, including the development of cutting-edge digital databases and web portals
- **Transparency and anti-corruption:** working with the governments of countries implementing the Extractive Industries Transparency Initiative (EITI) to comply with the EITI standard as a means of ensuring enhanced contract transparency and beneficial ownership disclosures
- **Fiscal regimes:** designing and implementing market-based royalty/tax-based frameworks
- **Capacity building, training and support for practical implementation:** training officials involved in implementing legal, regulatory and policy reforms and turning them into measurable observations

Given that effective economic governance is characterised by predictability, transparency, accountability and the ability to design and implement reforms, law is one of the primary instruments through which economic governance attributes are articulated, operationalised and enforced. It provides the normative framework that structures economic decision-making, constrains discretion and translates policy objectives into binding rules that govern market behaviour.

At sector level, legal frameworks give practical expression to three principles of the rule of law: transparency, accountability, and fair competition in line with international norms. Through clear allocation of rights and obligations, law underpins consistent contract enforcement and the protection of property rights, which are fundamental to trust and confidence in economic transactions. A stable and coherent legal and regulatory environment – supported by clear laws, independent courts, predictable administrative processes and accessible remedies – reduces uncertainty, lowers investment risk and enables domestic and international investors to commit capital to long-term ventures.

“ Law is not merely a backdrop to economic governance but an active instrument of reform. ”

Crucially, law is not merely a backdrop to economic governance but an active instrument of reform. Well-designed legislation consolidates institutional roles, distributes authority across public bodies, establishes checks and balances, and creates mechanisms for oversight and accountability. In this way, law directly strengthens the state's capacity to design, coordinate and deliver reforms, while simultaneously shaping incentives for private actors. Where legal frameworks are weak,

fragmented or discretionary, economic governance is undermined; where they are clear, enforceable and aligned with market principles, they act as multipliers of reform impact across the economy.

Against this backdrop, and in line with the strategy, economic governance is pursued through three mutually reinforcing high-level objectives:⁵

- 1) **well-governed institutions** that create and enable a policy environment conducive to economic growth and investment
- 2) **well-managed and innovative public-sector enterprises and financial institutions** that efficiently fulfil their public mandates in the context of competitive markets
- 3) **well-managed and innovative private enterprises and financial institutions** that compete effectively, both domestically and internationally.

These high-level objectives are supported by a broad set of economic governance interventions. The next section focuses on the first high-level objective, pertaining to well-governed institutions, and expands on two strategy-aligned interventions, drawing on experiences of recent and ongoing technical cooperation projects led by the Legal Transition team.

- **Legal and regulatory reforms to improve the investment environment**

The mining sector presents a unique interface between law and economic power. Mining frameworks allocate access to subsoil resources, define the balance between public and private interests, and establish the fiscal rules that determine how resource rents are generated and distributed. In some EBRD economies of operation, these functions have historically been exercised through discretionary administrative processes rather than predictable legal norms.

⁵ See EBRD (2026).



The EBRD's experience demonstrates that reforming mining laws and codes is not a narrow sectoral exercise but a means of strengthening legal certainty and institutional credibility across the economy. In order to better understand the current governance situation in the mining sector of a given economy of operation, an EBRD team conducts an investment climate review, comprising (i) a market assessment (covering, for example, mineral endowment, market positioning and the investment landscape) and (ii) a comprehensive review of sector governance (looking at issues such as the legal and regulatory architecture, the fiscal regime, administrative processes and related matters). Such reviews have been undertaken in Côte d'Ivoire, Tajikistan, Tunisia and Uzbekistan, informing the Bank's approach to policy engagement and subsequent technical cooperation.

The EBRD's engagement in Uzbekistan is a strong example of how the Bank advances economic governance through legal and regulatory reforms to improve the investment environment, implementing extensive technical cooperation activities in close collaboration with state counterparties. Through its Legal Transition Programme, the Bank works closely with the Ministry of Mining Industry and Geology and the Agency for Strategic Reforms, supporting a multi-phase mining-sector market development programme that has already moved from policy reform to binding legislation.

The Bank's engagement in Uzbekistan's mining sector, which has been ongoing since 2021, has helped to replace a state-dominated and discretionary legacy regulatory model with a modern, market-led framework by drafting and iterating a comprehensive new law on subsoil, alongside detailed secondary regulations covering licensing, cadastres, taxation of subsoil users, environmental safeguards, mine closure and data access. Uzbekistan's new Law on Subsoil (Law No. ZRU-987) was approved by the Senate on 2 September 2024 and signed by the President on 31 October 2024, entering into force on 2 February 2025 following its official publication.

At the time of writing, the team is working on an ambitious reform and capacity-building agenda, focusing on implementing the new Law on Subsoil through the modernisation of the permit framework (including the design of an end-to-end e-permit framework and the administration of a pilot permit award process for selected critical deposits). Importantly, the Bank's engagement encompasses a strong investment promotion element by supporting the design and development of sector- and deposit-specific investment promotion outputs and the development of structured collaboration models for government and private investors, particularly exploration companies.

The impact on the investment environment is significant, as the new law enhances transparency and predictability, clearly defines the rights and obligations of the state and investors, simplifies market entry, strengthens investment protections and aligns Uzbekistan's mining regime with international best practice. This has helped to position it as one of the most investor-friendly frameworks in the region, unlocking credible opportunities for sustainable private investment in critical minerals that the Bank can then support through financing and assistance with implementation.

- **Enhancement of state's capacity to design and deliver reforms**

The importance of the state's capacity to design and deliver reforms cannot be overstated, as is clear from the Bank's technical cooperation projects in Ukraine and Mongolia.

In Ukraine, EBRD support under the technical assistance component of the Hi-Bar Programme funded by the European Union (EU) has focused on strengthening institutional ability to plan, implement and sustain reforms in the mining sector despite wartime constraints. The EBRD team is working directly with the Ukrainian Geological Survey, the State Research and Development Enterprise (SRDE), the State Geological Information Fund (GeoInform) and the Ministry of Environmental Protection and Natural Resources, leading a sequenced reform process consisting of (i) an assessment of the needs of legacy geodata systems, (ii) the design of a technically robust project implementation plan, and (iii) the phased digitisation and publication of geological data through a bilingual "geoportal".

This reform is more than just technical; it embeds new governance practices – such as clear allocation of institutional responsibilities, reduced administrative discretion, improved transparency and investor-ready information – that materially enhance the state's capacity to design and credibly deliver market-oriented reforms aligned with EU critical raw materials priorities. The ongoing scaling-up phase – which is targeting the digitisation of more than 60,000 priority documents and the



Case study:

Ukraine – critical reforms and development of the raw materials market

Modernisation of geodata management

This assignment is part of the EBRD's efforts to help the Ukrainian government to design and implement a programme encompassing the digitisation, storage, processing and dissemination of its geodata archives, with the aim of improving the accessibility of this critical information.

To date, a total of 11,300 geological documents have been digitised, covering more than 30 strategic and/or critical raw minerals and more than 360 deposits. In parallel, a web application (portal) has been designed, to which more than 16,800 documents have been uploaded, unlocking transparent and efficient access to Ukraine's mineral resources through digital innovation.

The existence of comprehensive and easily accessible geodata is critical for the mining sector, as it underpins informed investment decisions by reducing geological uncertainty. High-quality, transparent geodata lower exploration risk, improve deposit evaluation and reduce information asymmetries between governments and investors. By improving project screening and increasing transparency, accessible geodata directly reduce investment risk, enable competitive bidding and generally support a more attractive mining investment environment.

The EBRD and the Ukrainian authorities are aiming to digitise more than **60,000** priority documents

operationalisation of secure, resilient IT infrastructure – shows how the EBRD combines capacity building with practical support for implementation, ensuring that reforms move from policy intent to operational impact.

A similar technical cooperation project has been undertaken in Mongolia, where the Bank, through its Legal Transition Programme, worked closely with the Ministry of Mining and Heavy Industries, the Mineral Resources Regulatory Authority and the National Geological Survey to design and bring online a national digital geological database, following amendments to the country's Minerals Law and the adoption of a State Minerals Policy expressly enabling such a system.⁶ The project went beyond support for infrastructure, also (i) strengthening the state's ability to collect, manage and disseminate pre-competitive data, (ii) improving inter-agency coordination, (iii) training officials and (iv) embedding new regulatory practices that support transparency, investor confidence and informed policymaking – all core elements of effective reform underpinning economic governance objectives.

ECONOMIC GOVERNANCE IN MINING: BUILDING ON EXPERIENCE TO DELIVER THE STRATEGY

This article has shown how EBRD engagement in the mining sector can advance economic governance outcomes through targeted legal, regulatory and institutional reforms. The examples presented are necessarily selective, however. They capture only a portion of the Bank's past and ongoing efforts to support sector-level economic governance, which, in practice, have spanned multiple countries, reform instruments and stages of market development. Taken together, these efforts underscore the breadth of the Bank's toolkit and show that its ability to stimulate systemic change extends far beyond individual transactions.

70%
of the Bank's funding
for natural resources
projects has gone to
the private sector

Arguably, and encouragingly, the EBRD's commitment to economic governance predates the formal adoption of its Economic Governance Strategy 2026-30. The adoption of the strategy does, however, represent an important milestone – in terms of delivery, rather than ambition. The key opportunity now lies in systematically implementing this agenda across the Bank's activities. Economic governance action plans and sector reform roadmaps provide a practical and forward-looking framework for doing so, translating diagnostic insights into sequenced, project-specific and sector-wide reform pathways. For the mining sector, this offers a chance to deepen impact by anchoring individual legal and institutional reforms within longer-term reform trajectories that align policy engagement, capacity building and investment over time.

Within the strategy, law and legal reform remain critical enablers of economic governance. Legal frameworks provide the binding architecture through which (i) policy objectives are translated into enforceable rules, (ii) institutional mandates are clarified and (iii) transparency and accountability are embedded in market practice. As the Bank's experience shows, well-designed and effectively implemented laws can strengthen state capacity, constrain discretion and create the conditions for competitive, investment-ready markets.

⁶ See EBRD (2022).



Looking ahead, the EBRD is well placed to build on its comparative advantages, including its local presence, investment-led model and deep sector expertise, to proactively support economic governance reforms in the mining sector and beyond. By deploying the new

strategy's delivery instruments, the Bank can continue to act as a catalyst for durable, market-shaping reforms that translate governance improvements into tangible economic outcomes.



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